

ADMINISTRATION FOR CHILDREN AND FAMILIES

(Dollars in millions)

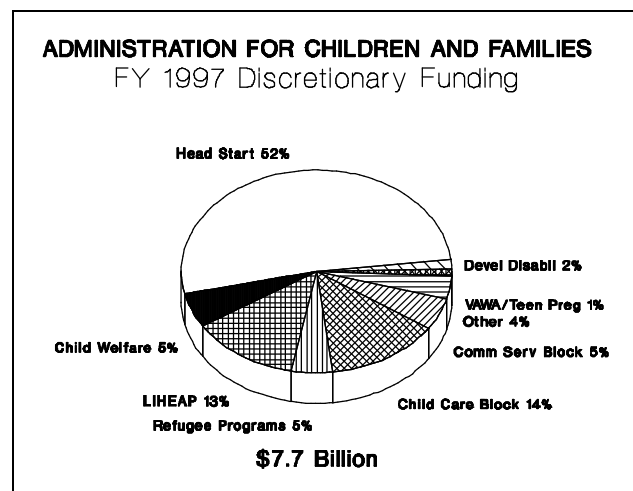
	1995 <u>Actual</u>	1996 <u>Policy*</u>	1997 <u>Request</u>	Request <u>+/- Policy</u>
<u>Program Level/BA:</u>				
Discretionary.....	\$7,649	\$7,169	\$7,710	+\$541
Entitlement..	<u>25,050</u>	<u>25,441</u>	<u>26,586</u>	<u>+1,145</u>
Total.....	\$32,699	\$32,610	\$34,296	+\$1,686
.....				
<u>Outlays:</u>				
Discretionary.....	\$7,829	\$7,495	\$7,361	-\$134
Entitlement..	<u>24,164</u>	<u>25,635</u>	<u>26,660</u>	<u>+1,025</u>
Total.....	\$31,993	\$33,130	\$34,021	+\$891
FTE ...	1,803	1,803	1,803	0

* Based on levels of the ninth CR, including an incremental policy adjustment.

Discretionary Program Summary

The Administration for Children and Families (ACF) is the Department's lead agency for programs serving America's children, youth, and families. In FY 1997, ACF is seeking \$7.7 billion for discretionary programs within ACF that promote healthy children, supportive families, and vibrant communities.

The Department has a strong commitment to ensuring that our nation's children and youth are healthy, safe, and developing to their full potential in stable families and secure communities. To better fulfill government's responsibility toward children and families, the Department has developed a multifaceted strategy that promotes strong futures. Secretary Shalala commissioned a Governing Council on Children and Youth and charged this group with increasing coordination and collaboration throughout the Department on program and policy issues affecting children. That collaborative strategy is also evident through investments in programs which support Strong Foundations--the building blocks of success for children and families--and Safe Passages--the



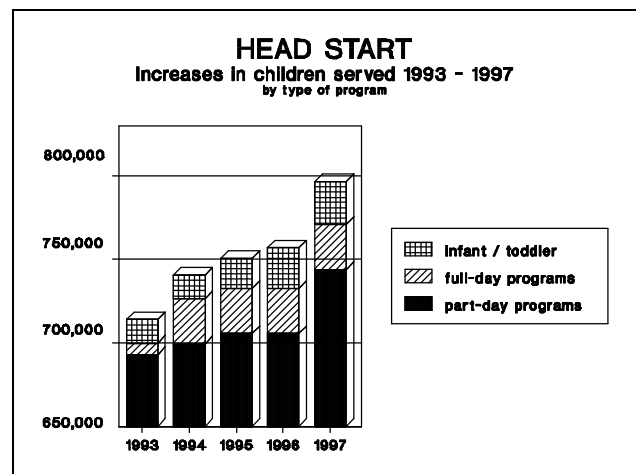
tools for navigating the transition from childhood to adulthood. Head Start, child care, and child welfare services emphasize early childhood health and development and promote Strong Foundations for our children. Equally important are the supports needed to ensure Safe Passages for the critical journey through adolescence. The Department is moving forward to launch and coordinate a wide array of activities to promote Safe Passages for our nation's youth including a teen pregnancy prevention initiative and the community schools program.

Head Start

Investing in Head Start and expanding enrollment are key Presidential priorities. The FY 1997 budget request of \$3.98 billion for Head Start will serve an additional 46,000 children. This request, an increase of \$447 million over FY 1995, will establish strong foundations for a total of 796,500 children and their families. As a result of this Presidential investment, Head Start will grow to serve over one million children by the year 2002.

Head Start continues to be one of the nation's most successful programs for low-income children and families, providing comprehensive education, nutrition, health services and social services. Evaluations of Head Start children continue to show that the Head Start experience has a positive impact on school readiness, increases children's cognitive skills, self-esteem, and achievement motivation, and improves school social behavior. Head Start also helps to improve the parenting skills and employment related skills of Head Start parents.

Important funding increases sought by the Clinton Administration during the last three years have allowed local programs to make significant increases in program quality. These increases are directed at much-needed improvements in facilities, hiring of family workers, and more competitive salaries and benefits in order to attract and retain quality staff. Through more effective monitoring and technical assistance, we are assuring that all Head Start programs provide good quality services and we are replacing programs that cannot. One important aspect of the quality improvement process has been the revision and updating of the Head Start Performance Standards and Measures, important yardsticks for evaluating the effectiveness of local programs.



The Head Start Program Performance Standards were developed in the 1970's as a guide for day-to-day program operations. These standards cover the areas of health, social services, parent involvement and education for children ages three to five. As directed by the 1994 Head Start reauthorization act, HHS is engaged in revising the standards to better support quality. We anticipate publishing a proposed regulation for comment this spring. The revised standards include two new sections: Family and Community Partnerships, and Program Design and Management. The updated standards also incorporate services for pregnant women, infants and toddlers to support the Early Head Start program. HHS has engaged in

extensive consultation to revise these standards, convening over 70 focus groups and receiving the input of over 2,000 people and national organizations. Head Start is also in the process of developing Program Performance Measures to assess the quality and effectiveness of the program through outcomes and indicators. These measures are intended to provide a process for continuous improvement over time.

Another recent advance involves services to young children. In FY 1995, the Early Head Start program was established in recognition of the mounting evidence that the earliest years are extremely important to children's growth and development. Serving low-income children under the age of three and pregnant women, Early Head Start funds in FY 1997 will be equal to 4 percent of the total Head Start budget or \$159.3 million. In FY 1997, these funds will support an estimated enrollment level of 25,600 children and their families, a 41 percent increase in enrollment since FY 1995. Children and families enrolled in Early Head Start will receive early, continuous, intensive and comprehensive child development and family support services.

Child Care and Development Block Grant

The FY 1997 budget request for the Child Care and Development Block Grant (CCDBG) is \$1.049 billion. This request is a component of the Administration's continued commitment to promoting family self-sufficiency by helping States fund child care services for over 70,000 additional children from low-income working families.

The availability of quality child care for low-income families is critical to maintain economic self-sufficiency and to promote healthy child development. Over one million children could require child care assistance by the year 2000 in order to meet the work requirements put forth in most major welfare proposals. Many low-income working families spend up to 25 percent of their income on child care. The Child Care and Development Block Grant provides child care funds to States for low-income families with a parent who is working or attending a training or educational program or children in need of protective services. Over 750,000 children currently receive program services, but waiting lists for assistance still exist nationwide.

CCDBG also supports activities to improve the quality and availability of child care across the nation. Funds are used by States to support consumer education, provider training, licensing and monitoring, and outreach to build the supply of infant care, school age care, care for families working non-traditional hours, and care for children with special needs. In an effort to further improve service, ACF has streamlined operations and recently launched a national campaign, "Healthy Child Care America," to promote sound health and early childhood development practices in child care settings. CCDBG funds provide the foundation for safe and healthy care so critical to optimal child development.

Low Income Home Energy Assistance Program (LIHEAP)

The FY 1997 budget request for LIHEAP includes \$1 billion in regular appropriations and \$300 million in emergency funding. In addition, ACF is requesting a \$1 billion advance appropriation for FY 1998.

The LIHEAP program provides grants to States, territories, tribes and tribal organizations to assist low-income households in meeting home energy costs. Flexible program requirements allow States to target assistance to the areas with the greatest needs, support weatherization efforts, and leverage additional energy dollars from non-Federal sources. To date in FY 1996, \$900 million has been made available, primarily for heating and crisis assistance.

Child Welfare/Child Abuse

In FY 1997, ACF is requesting \$419 million in discretionary funding for a range of programs that help States and local communities to protect children by strengthening families and preventing abuse; intervening when families are in crisis; and when necessary, making placement decisions to ensure children's safety. A total of \$50.6 million will be used to fund Community-Based Resource Centers which support statewide networks of local child abuse and neglect prevention and family resource programs. In FY 1997, ACF will also consolidate research and training programs into the Child Welfare Innovative Programs account, totaling \$39.1 million, to allow greater flexibility in funding promising initiatives and to disseminate knowledge on what works best across the spectrum of child welfare services.

In 1993, States received reports on nearly three million children who were alleged victims of child abuse and neglect, reflecting a 25 percent increase in the rate of children reported since 1988. The U.S. Advisory Board on Child Abuse and Neglect estimated that 2,000 of these children die each year as a result of abuse or neglect. As demands on the child welfare system to protect abused and neglected children increase and State and local agencies are overburdened, ACF has dedicated funding to promote children's healthy development by preventing and treating the effects of child abuse and neglect.

Teen Pregnancy Prevention

Teen pregnancy rates remain alarmingly high in the U.S. President Clinton, recognizing the impact of this tragedy, has referred to teen pregnancy as one of our most serious social problems. In an effort to help local communities further develop effective prevention strategies, HHS will launch a \$30 million collaborative Teen Pregnancy Prevention Initiative in FY 1997. Demonstration grants to combat teen pregnancy will be made available to selected cities with relatively high teen pregnancy rates. Funds will be targeted to communities that have demonstrated a commitment to community problem solving and developed an appropriate infrastructure for implementing proposed strategies. Grant funds will be available to initiate, expand, or enhance comprehensive prevention strategies which utilize social, economic, and educational approaches to reaching at-risk teens. Drawing upon

strong community and family support for this initiative together we can help to ensure safe passages for our Nation's adolescents.

Refugee Resettlement

The FY 1997 budget request for the Refugee and Entrant Assistance program is \$381.5 million, based on a projected refugee ceiling of 75,000 and an additional 15,000 Cuban entrant arrivals. In order to be designated as refugees, people must have a well-founded fear of persecution in their country of origin because of race, religion, nationality, membership in a particular social group, or political opinion. Entrant arrivals are a result of the U.S./Cuban Migration Agreements which sought to end mass illegal immigration from Cuba. Over 22,000 Cuban entrants arrived in the United States in FY 1995 while nearly 100,000 refugees and Amerasians arrived. In January 1996, the last of the 30,500 Cubans and 500 Haitians previously detained at Guantanamo Bay were admitted to the U.S.

This funding level will provide States the capacity to provide eight months of refugee cash and medical assistance, as well as reimbursement for the care of refugee unaccompanied minors. This request will also support Preventive Health, Targeted Assistance and Social Services programs administered by public and private non-profit agencies. These programs help refugees become self-supporting and socially adjusted upon arrival in the U.S.

Community Services Block Grant

The Community Services Block Grant Program provides States, territories, and Indian Tribes with a flexible source of funding to ameliorate the causes of poverty. In FY 1997, ACF is requesting \$389.6 million for this program. Grant funds will be used by a network of local agencies including community action agencies, tribes, and tribal organizations to provide a range of services and activities to assist low-income individuals. ACF is not seeking funding for other discretionary Community Services programs. This decision reflects the concerns of Congress to reduce the number of discretionary grant programs and the Administration's intention to develop more comprehensive programs.

Developmental Disabilities

In FY 1997, ACF is requesting \$121.9 million to support programs that protect the rights and promote the self-sufficiency of Americans with developmental disabilities and their families. The Administration for Developmental Disabilities programs serve nearly four million Americans with severe, chronic disabilities attributable to mental and/or physical impairment, which are manifested before age 22, are likely to continue indefinitely, and result in substantial limitations in major life activity. Funds for this program help State governments, local communities, and the private sector to integrate disabled individuals socially and economically into mainstream society through the development of Statewide coordinated systems, the establishment of protection and advocacy systems to assist individuals in exercising their human and legal rights, university affiliated programs to disseminate

information, and special projects which focus on the most pressing national issues affecting people with developmental disabilities and their families.

Violence Against Women Programs

In his State of the Union address, President Clinton challenged the citizens of this nation, stating, "I call on American men and women in families to give greater respect to one another.

We must end the deadly scourge of domestic violence in our country." In FY 1997, ACF is requesting \$15 million in grants for battered women's shelters for a total Family Violence program level of \$47.6 million. This funding helps States, territories, and tribes provide shelter services to victims of family violence and their children and for related services, such as alcohol and substance abuse prevention and family violence prevention counseling.

The budget also includes \$400,000 for the Domestic Violence Hotline (1-800-799-SAFE). This national, 24-hour, toll-free hotline was first funded in FY 1995 and began providing crisis assistance, counseling, and local shelter referrals across the country on February 21, 1996. Hotline counselors are also available for non-English speakers and the hearing impaired.

ACF Entitlement Programs

For three years, the Administration and the Department have worked aggressively to overhaul the nation's welfare system both incrementally through State waivers, and comprehensively, through fundamental legislative reforms. We have granted waivers to nearly 40 States, to provide them with the freedom to move people out of welfare and into jobs. As a result, nearly ten million welfare recipients are in households where the adults are being required to work, and to take more responsibility for their families and their future. These incremental successes are encouraging, but they are only a beginning. Building upon the principles of work and responsibility, we are committed to working with the Congress to enact a bipartisan welfare reform bill.

The President's FY 1997 budget includes a revised proposal to reform the welfare system. The new plan saves \$40 billion over seven years while promoting sweeping work-based reforms and protecting children. The key elements of the President's welfare reform proposal are:

- A time-limited conditional entitlement in return for work: AFDC would be eliminated and replaced with the Temporary Employment Assistance (TEA). The TEA program would provide cash benefits to eligible families with needy children. As soon as they join the rolls, beneficiaries would have to develop and sign a personal responsibility contract with their welfare office. Within two years, able-bodied parents would have to work or lose their benefits. Cash assistance would be limited to five years. In order to protect vulnerable families, exemptions from the time limit would be allowed for hardship cases and vouchers would be provided for children whose parents reach the time limit.

- Child care to reward work over welfare: Child care is vital to moving people off welfare and helping them stay off. The President's budget contains \$3.8 billion for child care programs to help low-income parents gain the skills to hold a job, or look for one. Child care funds also would help parents avoid welfare in the first place.
- Work programs to help recipients move into the labor market: The President's welfare reform proposal establishes tough work requirements by replacing the JOBS program with the Work First program. The plan would provide a block grant to States to cover the cost of providing job placement, job training and other employment services, administering the cash benefit program, and delivering emergency assistance. It provides States with increased flexibility to design and operate work programs that best meet the needs of their communities. States would receive financial incentives for moving families from welfare to work.
- Protection during economic downturns: The President's plan maintains a flexible funding structure that adjusts to changing economic circumstances. In a recession, State revenues fall even as welfare caseloads rise because more jobless families seek public assistance. Without a funding structure that can adjust to caseload changes, a recession could render many States unable to keep paying welfare benefits and still meet the tough work requirements of any real reform. While providing this protection for States, the President's plan also requires States to maintain their stake in moving people from welfare to work and holds States accountable for making welfare reform a success.
- Tougher child support enforcement: The President's plan includes new child support enforcement measures that emphasize parental responsibility including: revoking driver and professional licenses for parents who refuse to pay child support, improving interstate laws to find such parents, and strengthening the tools to establish paternity so that both parents take full responsibility for their children.

Now, we must encourage the Congress to do its part to enact changes that will encourage work, protect families, and reduce spending. Until then, we will continue the process of welfare reform through waivers, one State at a time.

The following pages summarize projected spending for AFDC and related programs under current law in the event that comprehensive welfare reform is not enacted prior to FY 1997.

Job Opportunities and Basic Skills Training

A total of \$1 billion would be required under current law in FY 1997 to support the Job Opportunities and Basic Skills Training (JOBS) program, a key element of current efforts to help welfare recipients achieve self-sufficiency. The program gives States flexibility to provide training and work opportunities geared to their particular AFDC recipients' needs.

Currently, over 600,000 people are active in JOBS programs each month. States have wide flexibility in structuring the mix of programs they offer to recipients. Programs must include: educational activities (e.g., high school or equivalent level, basic and remedial education);

job skills training; job readiness training activities; and job development and placement assistance. States must also include at least two of the following components in their programs: job search programs; on-the-job training; work supplementation programs; and community work experience programs.

Aid to Families with Dependent Children

The Aid to Families with Dependent Children (AFDC) program provides funding to States for cash assistance to low-income families with dependent children who have been deprived of parental financial support due to the death, disability, unemployment or continued absence of a parent. Reductions in caseload over the last year of approximately 6.6 percent have resulted in decreased spending in FY 1996 for this program. Recent estimates suggest that budget authority for benefit payments in FY 1996 will be 8 percent below comparable spending in FY 1995.

In addition to AFDC benefits, States also have the option of operating the AFDC Emergency Assistance program. This program provides financial assistance, medical, and/or social services to needy families with children to meet temporary, emergency needs. Budget authority of \$1.9 billion is requested for FY 1997, including amounts to pay for claims from prior years. State claims under the Emergency Assistance program have increased by over 1,000 percent since 1991 as more States have begun to participate, and as States have attempted to claim Federal reimbursement for a wider range of activities, including various types of child protective services and medical emergencies for children not receiving Medicaid, and to cover a broader range of recipients. In FY 1996, the Administration for Children and Families issued policy clarification to States that prohibited the costs of juvenile justice programs from being funded as Emergency Assistance.

AFDC Child Care (Title IV-A)

In FY 1997, \$1.45 billion would be required under current law for three child care programs: child care for JOBS participants, former AFDC recipients who work, and those at risk of becoming AFDC recipients. More than half of these funds, \$880 million, will support current AFDC recipients' efforts to become self-sufficient by paying for child care that these recipients need to participate in education, training, and work activities. As recipients become self-sufficient and leave the AFDC rolls due to increased employment income, States will provide recipients with up to 12 months of child care to ease the transition from welfare to work. A total of \$268 million is requested for this Transitional Child Care program in FY 1997. Finally, the At-Risk (non-AFDC) Child Care program provides child care assistance to families at risk of becoming AFDC recipients. The FY 1997 request for this program totals \$300 million.

Child Support Enforcement

The Child Support Enforcement (CSE) program is a joint Federal, State and local partnership that seeks to locate noncustodial parents, establish paternity, and set and enforce support

orders. Costs of these activities are jointly financed by the Federal Government (66 percent) and the States (34 percent). In FY 1997 it is estimated that a total of \$2.1 billion will be expended in order to collect over \$12.5 billion in payments.

The first \$50 of currently-due support collected on behalf of an AFDC family in a month is given to that family, while the balance can be used by Federal, State and local governments to offset their costs of assisting these families. From the Federal share, States also receive an incentive payment based on program efficiency and the amount of their collections. The remaining Federal share is available to offset Federal AFDC benefit costs. Collections made on behalf of non-AFDC families are paid directly to these families. For non-AFDC families with low incomes, receipt of child support assists them in remaining off the welfare rolls.

Since the creation of the child support enforcement program, total child support collections have increased annually. In recent years, States have increased collections by using approaches such as income withholding, offset of income tax refunds, support guidelines and closer links to credit bureaus. In FY 1997, \$12.5 billion in child support collections are projected to be distributed to families and shared by governments, an 8 percent gain in collections over FY 1996. In FY 1996, this represents a total return of almost \$4 for every dollar invested in the administration of the program. Since the inception of the program in FY 1975, a total of \$83 billion has been collected.

The Office of Child Support Enforcement (OCSE) has a new initiative to promote dramatically improved performance, service quality and public satisfaction with the child support enforcement program. As a pilot project under the Government Performance and Results Act (GPRA), HHS has begun strengthening partnerships with State child support agencies. OCSE has approved 33 applications from State and local governments to implement innovative approaches in their programs. Examples include new efforts to improve access to medical insurance, encourage welfare mothers' cooperation in identifying and locating alleged fathers, and provide employment counseling to noncustodial parents.

CHILD SUPPORT ENFORCEMENT COLLECTIONS AND COSTS

(Dollars in millions)
(outlays)

	1995 <u>Actual</u>	1996 <u>Policy</u>	1997 <u>Request</u>	Estimate <u>+/- Policy</u>
<u>Total Collections Distributed to:</u>				
AFDC/FC Families	\$476	\$509	\$544	+\$35
Non-AFDC Families	8,018	8,730	9,446	+716
AFDC program	2,143	2,278	2,437	+159
FC program	<u>22</u>	<u>23</u>	<u>24</u>	<u>+1</u>
Total	\$10,659	\$11,540	\$12,451	+\$911
<u>Distributed to AFDC Program:</u>				
Net Federal Share	\$822	\$853	\$907	+\$54
State Share	<u>1,321</u>	<u>1,425</u>	<u>1,530</u>	<u>+105</u>
Total	\$2,143	\$2,278	\$2,437	+\$159
<u>Administrative Costs:</u>				
Federal Share	\$1,993	\$2,026	\$2,109	+\$83
State Share	<u>918</u>	<u>976</u>	<u>1,055</u>	<u>+79</u>
Costs	\$2,911	\$3,002	\$3,164	+\$162
<u>Program Savings and Costs:</u> (Collections minus Costs)				
Federal Costs	\$1,171	\$1,173	\$1,202	+\$29
State Savings	<u>(403)</u>	<u>(449)</u>	<u>(475)</u>	<u>+(26)</u>
Net Costs	\$768	\$724	\$727	+\$3

Foster Care, Adoption Assistance and Independent Living

A total of \$4.4 billion in budget authority is requested in FY 1997 for the Foster Care, Adoption Assistance and Independent Living programs. Of this request, \$3.8 billion is requested for the Foster Care program, which will provide payments on behalf of almost 285,000 children each month. This request will also fund State administration, including child welfare case management systems, training, and State data systems. In FY 1997, under the Adoption Assistance program, ACF is requesting \$568 million to provide subsidy payments to families who have adopted special needs children. Payments are made on behalf of adopted children up to their 18th birthday and this level of funding will support approximately 131,000 children each month. The Independent Living Program will receive \$70 million to continue services to help teenagers under State supervision make the transition to living on their own.

Family Preservation and Support

For FY 1997, \$240 million will be made available to States and eligible tribes as part of a continuing five-year funding plan started in FY 1994 to strengthen family preservation and support services. These services help State protection welfare agencies and eligible Indian tribes establish and operate integrated, preventive family preservation services and community-based family support services for families at risk or in crisis. Family preservation services are activities that help families alleviate crises that might lead to out-of-home placements of children because of abuse or neglect. Family support services, often provided by community-based organizations, are voluntary, preventive activities to help families nurture their children. These activities help to prevent the unnecessary separation of children from their families and improve the quality of care and services.

ACF OVERVIEW

DISCRETIONARY SPENDING

(Dollars in millions)

	1995 <u>Actual</u>	1996 <u>Policy*</u>	1997 <u>Request</u>	Request <u>+/-Policy</u>
Head Start	\$3,534	\$3,631	\$3,981	+\$350
Child Care Development Block Grant	935	935	1,049	+114
Low Income Home Energy	1,419	1,000	1,000	0
Emergency Funding (non-add) ...	(500)	(300)	(300)	0
<u>Child Welfare:</u>				
Child Welfare Services ..	292	292	292	0
Child Welfare/Child Abuse.....	<u>127</u>	<u>72</u>	<u>127</u>	<u>+55</u>
Subtotal, Child Welfare	\$419	\$364	\$419	+\$55
Refugee & Entrant Assistance	\$400	\$400	\$381	-\$19
Targeted Assistance	6	5	0	-5
Community Services Block Grant	458	429	390	-39
Runaway and Homeless Youth	69	57	69	+12
Developmental Disabilities	122	116	122	+6
Violence Against Women Programs	33	38	48	+10
Native Americans.....	38	35	38	+3
Teen Pregnancy Initiative	0	0	30	+30
Social Services Research..	15	0	10	+10
Other ACF	39	8	13	+5
Federal Administration	<u>162</u>	<u>151</u>	<u>160</u>	<u>+9</u>
Total, Program Level/BA.	\$7,649	\$7,169	\$7,710	+\$541

* Based on levels of the ninth CR, including an incremental policy adjustment.

ACF OVERVIEW

ENTITLEMENT SPENDING

(Dollars in millions)

	<u>1995 Actual</u>	<u>1996 Estimate*</u>	<u>1997 Estimate*</u>	<u>Increase/ Decrease</u>
Social Service Block Grant	\$2,800	\$2,800	\$2,800	\$0
Foster Care/Adoption Assistance .	3,597	4,322	4,445	+123
Family Support & Preservation....	150	225	240	+15
JOBS ..	1,012	1,000	1,000	0
Family Support Payments (FSP):				
AFDC/Related Assistance**	11,451	10,408	10,780	+372
Emergency Assistance	984	1,687	1,867	+180
Child Care.....	1,152	1,404	1,447	+43
AFDC State Administration.....	1,780	1,679	1,875	+196
Child Support Enforcement Admin	<u>2,124</u>	<u>1,916</u>	<u>2,132</u>	<u>+216</u>
Subtotal, FSP	<u>\$17,491</u>	<u>\$17,094</u>	<u>\$18,101</u>	<u>+\$1,007</u>
Subtotal, Entitlements ..	<u>\$25,050</u>	<u>\$25,441</u>	<u>\$26,586</u>	<u>+\$1,145</u>
Total, ACF BA.....	\$32,699	\$32,610	\$34,296	+\$1,686
FTE	1,803	1,803	1,803	0

*Funding levels are based on the Administration's most recent estimates of entitlement spending under current law.

**AFDC and related assistance is shown net of child support collections.